Canyon Fuel Company, LLC Skyline Mines

HC 35 Box 380 Helper, Utah 84526 (435) 448-6463 Fax: (435) 448-2632

6 July 2001

Ms. Pam Grubaugh-Littig Utah Coal Program Utah Division of Oil, Gas & Mining 1594 West North Temple, Suite 1210 P. O. Box 145801 Salt Lake City, Utah 84114-5801

Re: Dugout Canyon Mine Sediment Pond Cleaning, Carbon County, ACT/007/039

Dear Pam:

Canyon Fuel Company, LLC (CFC) is submitting this application to modify the Dugout Canyon Mine's Mining and Reclamation Plan to allow for the pumping the of sediment from the Dugout Canyon Mine sedimentation pond underground. Five clean and redline-strikethrough copies of the modified pages of the M&RP have been included with this letter. A copy has been forwarded to Mr. Steve Demczak of the Division's Price office.

The water and sediment will be pumped into the abandoned and sealed portions of the Gilson seam workings located on the east and west sides of the canyon. MSHA has been notified of our intent to discharge the water to the workings. The mine would prefer to use a portion of the water for dust suppression but this may not use all of the water currently stored in the pond.

If you have any questions regarding these submittals, please call me at (435) 448-2620.

Sincerely,

Gary É. Taylor

Sr. Environmental Engineer Canyon Fuel Company, LLC

CC:

Steve Demczak, Price Field Office Dave Spillman, CFC Dugout

□ Attach _5_ complete copies of the application.

□ Yes

□ Yes

 \square Yes

x No

x No

x No

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments undertakings, and obligations, beein. (R645-301-123)

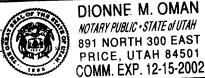
Name - Position - Date

21. Have reclamation costs for bonding been provided for?

Received by Oil, Gas & Mining

Subscribed and sworn to before me this 5 day of July ,+>2001

Commission Expires:
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22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?

23. Does the application affect permits issued by other agencies or permits issued to other entities?

ASSIGNED TRACKING NUMBER

Detailed Schedule of Changes to the MRP

Title of Application: Modifications to Allow for Disposal of Pond Sediment from Dugout Canyon Mine at Banning Loadout or pumped into the Gilson seam.

Permit Number:

ACT/007/039

Mine: Dugout Canyon Mine

Permittee: CANYON FUEL CO., LLC

Provide a detailed listing of all changes to the mining and reclamation plan which will be required as a result of this proposed permit application. Individually list all maps and drawings which are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise the existing mining and reclamation plan. Include page, section and drawing numbers as part of the description.

| | The Control of the Co | m V kritisk og friger prokktyren og fredering. Trefte partie | DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED |
|--------|--|---|--|
| □ ADD | X REPLACE | □ REMOVE | Chapter 5, Pages 5-5 and 5-36. |
| □ ADD | X REPLACE | □ REMOVE | Chapter 7, Pages 7-64 and 7- 79 |
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Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?